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ANNUAL REPORT

1943-44

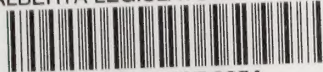
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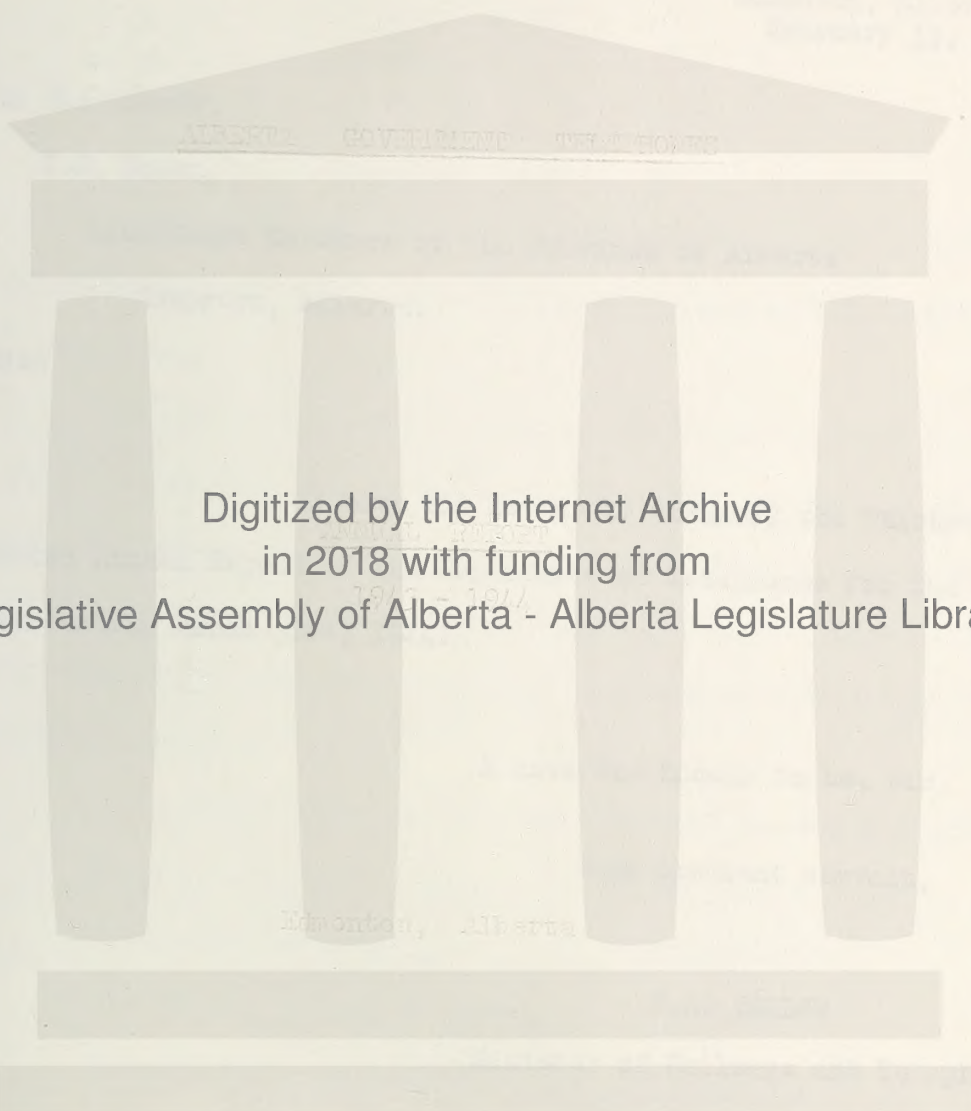


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ACC. 68.159

Edmonton, Alberta,  
February 15, 1945.

To His Honour,

J.C. Bowen,

Lieutenant Governor of the Province of Alberta

Edmonton, Alberta.

Sir:

I have the honour to transmit the Thirty-  
Second Annual Report of the Department of Telephones for the  
year ending March 31st, 1944.

I have the honour to be, Sir,

Your obedient servant,

W.A. FALLOW

Minister of Railways and Telephones





Edmonton, February 15, 1945.

Hon. W.A. Fallow,  
Minister of Railways and Telephones,  
EDMONTON, Alberta.

Sir:

I beg to submit herewith the Thirty-Second Annual Report of the Alberta Government Telephones, which refers to the year ending March 31st, 1944.

The year under review produced the highest income in the history of the System, due to higher revenue from our Toll Plant and the fact that almost all of the Subscriber Equipment in our Automatic Exchanges is now working to capacity. Gross Telephone Earnings for the year were \$3,803,284.00, showing an increase of \$315,551.00 over the previous year.

Telephone Revenue was derived from the following sources:---

Exchange Service	\$1,669,782.00
Toll Service (net)	1,720,617.00
Connecting Company Service	151,296.00
Miscellaneous Revenue	<u>261,589.00</u>
Total Revenue	<u>\$3,803,284.00</u>

Net income for the year after appropriating \$650,000.00 for depreciation reserve amounted to \$1,070,385.00 and was distributed as follows:--





Depreciation Reserve	\$ 150,000.00
Employees Pension and Death Benefit Fund	150,000.00
Special Contingency Reserve	100,000.00
Reduction of Corporate Deficit	<u>670,385.00</u>
Total	<u>\$1,070,385.00</u>

The Corporate Deficit now stands at \$294,299.00 and it is hoped that we will clear this item from our Balance Sheet at the end of the next fiscal year.

The report of the Actuary on the financial position of our Pension and Death Benefit Fund would indicate the necessity of additional appropriations to the Fund for another two years at which time the Plan should be on a sound financial basis.

An additional amount of one hundred thousand dollars has been set aside as Contingency Reserve to provide available Capital for the Post-War period when a number of large projects should be undertaken. This Fund now amounts to \$200,000.00.

#### Replacement Reserve

It is a pleasure to note an improvement in the position of the Depreciation Reserve Fund which now stands at \$1,696,021.00. This Reserve should be double or approximately \$3,400,000.00 to represent twenty per cent of the Plant in service. However, the present position



shows a decided improvement in the Fund over that of any year since the commencement of the System. It is now considered that with the continued increase in Telephone Revenues, it will be possible to build up this Fund to a proper amount.

#### Station Report

During the year under review 7,146 Exchange Stations were connected and 4,849 were disconnected making a net gain of 2,297 Stations. Connecting Company Rural Stations increased by 833, the total now being 18,814 Stations. Altogether in Alberta, including the connecting Systems in Edmonton and Banff there are 86,197 telephones in service, this figure representing an increase of 4,309 over the previous year.

The demand for telephone service in the Cities of Calgary, Lethbridge, Red Deer and Drumheller has increased beyond our capacity for taking care of this demand. Automatic Equipment at all of these Exchanges is working to capacity and we have approximately 1,000 applicants waiting for service.

It has not been possible to obtain from the manufacturers sufficient quantities of telephone instruments to meet our requirements and we have been obliged to re-install telephones which we had previously considered to have reached the end of their useful life. Manufacturers of Telephone Equipment have been engaged almost entirely in providing the electrical needs of the armed services with





the result that we have not been able to secure the necessary additional Central Office Equipment to meet the demand. Our Commercial Agents are exerting their best efforts to see that no person, whose services are vital to the war effort, is without telephone service.

The general public is to be commended for their patience with us during these times when we cannot satisfy their demands for service. The situation in Alberta is not unique. The various Telephone Companies in Canada have on hand approximately 100,000 orders for telephone service which they are not able to fill.

Enlistment

At March 31st, 1944 the number of employees who had enlisted for Active Service was:--

Men	85
Women	23

We have found it possible to carry on without asking for deferment from Military Service for any member of our staff. The majority of our male staff are beyond military age, veterans of the last war, and they have carried the extra work occasioned by the war and shortage of staff most willingly. It has been possible for us to engage for the purpose of filling immediate needs, some discharged male personnel of this War.





The turnover of staff in our Operating Department has particularly high. Out of a staff of 371 operators we were obliged to find replacements for 123 of the staff who had resigned. Tribute should be paid to the older operators who were able to keep service at a reasonable level of efficiency during the periods of training of the new operators.

#### Toll Plant

Additional Toll Line facilities were completed between Edmonton and cities in the United States. We are now able to handle Alberta business to United States points with a minimum of delay.

Work is under way in building up an alternate route between Edmonton and Calgary via Camrose and Alix. When this work is completed we will be able to retain in service nine circuits between Edmonton and Calgary even if there is a complete breakdown of service on the main line.

Orders have been placed for equipment to provide three additional circuits between Calgary and Winnipeg and five additional circuits between Alberta and Vancouver. All of the above circuits are required to handle the increase in Trans-Canada Toll Traffic and it is hoped that they will be in service within the next six months.



Statistics

Following are the customary details of telephone revenue expenses for comparison with the previous years.

	<u>Telephone</u> <u>Earnings</u>	<u>Telephone</u> <u>Expenses</u>	<u>Telephone</u>
	\$1,038,139.00	\$1,038,139.00	
	2,367,482.00	1,017,195.00	34,046
	2,410,761.00	1,075,134.00	32,060
	2,495,769.00	1,075,134.00	32,303
		1,108,938.00	33,575
		1,111,264.00	
		1,138,604.00	
		1,260,912.00	
	3,487,735.00	1,365,830.00	
1944	3,487,735.00	1,260,912.00	12,888

Interest and Sinking Funds

1935	\$1,571,890.00
1936	1,571,890.00
1937	847,098.00 ±
1938	835,835.00 ±
1939	722,561.00 ±
1940	740,373.00 ±
1941	
1942	
1943	
1944	

± - No appropriation for Sinking Fund.

Working plant shows a net increase during the year of \$527,448.00, divided as follows:















## General Statistics for Year Ending

Payroll Offices.....	16
giving Continuous Service.....	17
Offices.....	77
Cities, Towns and Hamlets in Alberta	
having telephone connection.....	140
of "Cut" tickets completed and billed.....	1,011,990
using teletype for departmental business.....	3
of physical L.D. lines.....	32
" phantom L.D. lines.....	16
" part phantom and part physical L.D. lines..	57
" carrier L.D. lines.....	36
" .....	19
of L.D. circuit mileage.....	60,170.4
" " " " .....	5,177.2
" " " " .....	11,131.2
" " " " .....	8,250.8

Added in the above is the Peace River District  
It is composed of the following:-

Payroll Offices.....	2
giving Continuous Service.....	2
Offices.....	40
of physical L.D. lines.....	11
" phantom " " " .....	1
" part phantom and part physical L.D. lines..	1
" carrier L.D. lines.....	1
of L.D. circuit mileage.....	591.7
" " " " .....	36.4
" " " " .....	244.7





FEDERAL GOVERNMENT TELEPHONES

Statement A

FINANCIAL STATEMENT AS AT MARCH 31, 1944

ASSETS

		3,512,091.80	
		6,596,129.46	
			\$15,911,425.28
Manufacture and fixtures	\$	104,715.36	
vehicles		62,624.00	
			395,347.80
		249,284.53	
loss reserve			
custom work and sundry debtors			
expenses			
			1,601,400.00
Assets:			
fund cash and investments	\$	2,659,214.64	
(book value)			
and death benefit fund, net			
		1,637,241.18	
and renewal reserve fund,			
net assets, Statement C		1,696,021.00	
		200,000.00	
			6,192,476.82
charges and capital losses,			
future discount, loss sinking fund			
reserve on debentures redeemed	\$	422,332.43	
ign exchange capitalized, 1932-1935			
on sales and abandonment of rural			
lines, toll lines and equipment		243,563.33	
vestment of toll and exchange plant			
on revaluation of inventories,			
1923, less amounts written off		300,697.44	
vestment of accrued interest and			
sinking fund, 1923-24			
vestment of land and buildings			
valuation 1944			10,617,012.72
ated deficit on operations,			
Statement B			394,299.27
	\$	3,092.35	
ery bonds, book value		21,600.00	
			354,864,737.58



# Debtures and treasury bills

Accounts payable	\$ 61,453.74	
Accrued debture interest, not due	254,014.36	
Unearned revenue	37,630.41	
Due to Pension and Death Benefit Fund	150,000.00	
Due to Depreciation and Renewal Reserve Fund		
Due to Special Contingencies Reserve Fund	100,000.00	
		1,192,322.50

sinking fund reserve	\$2,659,214.64	
pension and death benefit fund reserve	1,637,241.18	
Depreciation and renewal reserve	1,696,021.00	
Reserve for contingencies	200,000.00	
Special reserve	2,169.64	
		6,194,646.46

Employees war funds	\$ 29,426.35	
Victory bond instalment payable	5,266.80	

I have audited the books and records of the Alberta Government Telephones for the year ended March 31, 1944.

red to reserve for contingencies and \$150,000.00 was set aside as a contribution to the Pension and Death Benefit Fund, and the re- 7670,385.27 was transferred to the accumulated deficit. Debture at was paid at the reduced rates tendered by the Province. Provision sinking fund charges is not included in the accounts.

No provision has been made for depreciation accruing on toll ange systems except \$800,000.00 transferred from operations to de- vidual reserve. Reserve interest earnings amounted to \$28,996.76 during vidual. Charges against the reserve during the year amounted to \$210,776.01 a net increase of \$618,220.75. The reserve amounted to \$1,696,021.00 5-, 1944.





































